

The NATIONAL UNDERWRITER

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Met's 3,000 Ordinary-Only Agents Wrote More Than \$1 Billion In '59

Metropolitan Life now has some 3,000 agents who have no debits and

sell no industrial business but who accounted for more than a billion dollars of 1959 sales, or about 25% of the company's total regular ordinary business, President Cecil J. North told members of the Canadian Life Insurance Officers Assn. at their meeting in Toronto.

Except for the Metropolitan people



Cecil J. North

present, few of Mr. North's listeners had previously realized the extent to which Metropolitan has been building up its non-debit sales force.

Due To Ordinary Market

These agents are called by the company "Metropolitan insurance consultants." Development of this category of agents, said Mr. North, was due largely to the development of the ordinary market. The purpose was to help the company develop the growing market for larger ordinary policies—"a better educated market with different and more complex needs," he said.

These agents, said Mr. North, "are not intended to replace our debit operation, which is of major importance to us, but to supplement it."

"The basis of this ordinary sales force is unique," he said. "All of our consultants start as regular agents and have had debit experience. This has many advantages. They can be housed and trained in existing debit offices—

which reduces expenses and avoids conflict with the regular agents. We are assured of demonstrated ability in our appointees. As a result, our turnover in this group of ordinary underwriters is less than one-quarter of what has been accepted as 'normal.'"

Mr. North said that with the same thought in mind—capitalizing on the expanding opportunities for the better ordinary policies and studying the company's distribution procedures generally—Metropolitan set up a new unit, called the market analysis and sales development division.

"This group," he said, "devotes its entire attention not only to studying our present field operation but to

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NAIC Annual Draws 1,500; Beery Will Become President

Parker Advanced To V-P; Model Bill For Credit Life And A&S Offered

By JOHN BURRIDGE

SAN FRANCISCO—The charms of San Francisco, interest in the problems of the business, curiosity as to what problems of the business might be on display, and the charms of San Francisco combined to produce a record 1,500 turnout for the annual meeting here of National Assn. of Insurance Commissioners.

A good deal of the interest went to the attack on Director Gerber of Illinois emanating from the O'Mahoney subcommittee of the Senate. Mr. Gerber is vice-chairman of the executive committee and it was anticipated he would advance to chairman and thus go into line for the NAIC presidency. However, he is not running. He explained that his decision is dictated by considerations other than the allegations of Stewart Hopps that International Guaranty of Tangier was put on the list of approved surplus line companies in Illinois as a return of a favor.

Little Adverse Reaction

Another matter of interest was the submission of a model fire and casualty rating bill by National Assn. of Independent Insurers. There seems to be little adverse reaction, except from some agents. When he presented the NAII proposal, Vestal Lemmon, general manager, described it as a middle-of-the-road plan, and it apparent-

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Equitable Will Use Social Research In Product Development

"It seems clear that a small group of social scientists can now contribute additional valuable knowledge that could lead to new life insurance products and practices," James F. Oates Jr., president of Equitable Society, said in announcing the appointment of John W. Riley, chairman of the sociology department of Rutgers University, as 2nd vice-president and Equitable's director of social research.

Mr. Riley's appointment will become effective Sept. 1. He will serve as a consultant until then.

Mr. Oates said that the decision to retain Mr. Riley was based on management studies conducted over the past few years by a group made up of faculty members of the Harvard graduate school of business.

"This innovation in Equitable—indeed, in the life insurance industry as a whole—arises from our desire to study scientifically the security needs of all Americans," Mr. Oates said, explaining that Mr. Riley will "have broad freedom in exploring the changing pattern of life in America. It is conceivable to us that social scientists today may carry the same potential for the development of the future as the physical scientists did half a century ago."

Mr. Riley's chief duty will be to develop and direct a program of basic research in the social sciences with a small, highly skilled staff. Studies will be conducted in the home office and in university centers throughout the country.

"In time, it is our hope that various Equitable departments will adapt Dr. Riley's findings in drawing up life insurance services geared to the scientifically established needs of Americans in all walks of life," said Mr. Oates.

Mr. Riley's research findings would

Hammel Reports On Year Of Action, Progress For NAIC

SAN FRANCISCO—In his presidential report at the annual meeting of National Assn. of Insurance Commissioners, Paul Hammel of Nevada declared that "claimed weaknesses in state regulation, whether justified or not," are being given prompt attention and action. He offered as an example the appointment of a subcommittee of the A&H committee to investigate and report here on the charge that exorbitant fees are being paid by some concessionaires at airports for the right to sell trip accident insurance.

Affirmative Action Taken

Affirmative action was taken by NAIC in connection with the hearings of the O'Mahoney subcommittee of the Senate that is investigating insurance. Briefs have been submitted in behalf of the association, but Mr. Hammel commented that the situation remains in a "fluid state and will not be settled for months and possibly years to

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be carefully weighed by Equitable departments, Mr. Oates added. "As new ideas relating to life insurance are brought to my attention, or before Equitable's general policy committee, they would very likely be passed on to operating departments to determine their feasibility."

"If possibilities inherent in these new ideas are then confirmed they might go into development and implementation by the departments themselves. In this way Equitable would be tapping additional scientific resources for product development to augment our present facilities."

Ask Tax Ruling On Foreign Insurer's Business From U.S.

The Treasury Department has been asked to rule on whether a foreign insurer writing reinsurance on U. S. business is tax free on that business or owes 30%, payable by the U. S. purchaser of such reinsurance. O. A. Fountain disclosed the move in his testimony before the Senate antitrust and monopoly subcommittee in Washington. The subcommittee is inquiring into the operations of foreign insurers in the U. S. Mr. Fountain is counsel for the credit insurance division of American National of Dallas, whose writings are confined to life and A&S.

However, another witness, Paul L. E. Holliwell, general counsel of American Bankers Life and American

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E. B. Mitchell Jr., architect of the Philadelphia architectural firm of Mitchell & Giurgola Associates, left, explains his ideas about the design of the new home of American College and American Society of CLU at Bryn Mawr, Pa. His audience, at the site of the new building, consists of, from left, Joseph R. Farrell, contractor; Dr. S.S. Huebner, president emeritus of American College; Joseph H. Reese, chairman of the CLU building committee and general agent of Penn Mutual at Philadelphia, and Renaldo Giurgola of the architectural firm. Excavation work for the building has already begun.

Manpower Aims Are Reviewed By LOMA In N. Y. Seminar

The proper use of manpower can only come as the result of planning, effort and expense, according to speakers at the annual seminar of the Society of Life Office Management Assn. Graduates held in New York City. Among those addressing the meeting were Edmond H. Curcuru, chairman of the department of industrial management at Miami University, Oxford, O.; Rawley D. Lucas, assistant to the superintendent of the policy change division, New York Life, and Werner Lederer, associate educational director of LOMA.

Mr. Curcuru said that imaginative planning and cooperation of the sort that now go into product development were necessary to cure problems in manpower development. Clearcut development objectives based on the needs of the organization should be set up as the first step in the solution of the problem, he said.

"A company's self-perpetuation objectives will be successful only to the degree of success obtained in developing its employees," he added.

Mr. Lucas told LOMA graduates that the case study technique initiated at Harvard Business School has been successfully used by New York Life as a way to encourage trainees to express themselves confidently. Students in the New York Life orientation program have to write up each week proposed solutions to improvised problems. Then notes are compared in a discussion period. The trainees in the course are mostly taken directly from college.

In the case system many of the trainees "are forced to defend and expound upon their ideas for the first time," Mr. Lucas said.

Another technique that has proved successful is the use of an observer in each class. This leaves the instructor free to concentrate on teaching, while the observer gets student reaction.

Mr. Lederer gave the meeting an idea of the multiplicity of LOMA activities in education and publishing in recent years. This year, he said, 14,000 students from 500 companies have taken 25,000 examinations.

Gives Program For A&S Insurers If Federal Attempts Are Blocked

NEW ORLEANS—It is questionable that a full-blown public relations and advertising program would effectively educate the public to the dangers, costs and inadequacies of nationalized health insurance but there are some other steps that should be taken "if we are fortunate enough to avoid health insurance legislation this year," Ardell T. Everett, 2nd vice-president of Prudential, told Life Insurers Conference at its annual meeting here.

Steps suggested by Mr. Everett were these:

1. All companies writing health coverages should discontinue terminating policies for deterioration of health. "They must broaden benefits and coverages for ages above 65, including both individual and group lines," he warned.

2. A&S insurers should, to the de-

Nevada's Ordinary Sales Gain In April; Leads Other States

Nevada led the other states in percentage increase in ordinary sales during April, with Maine in second place and West Virginia in third, according to LIAMA. Respective percentage increases were 33%, 18% and 13%.

Hawaii was ahead for the first four months with a gain of 24%. In second place was Nevada with an increase of 22%, and third place was held by Arizona with 12%.

California Life has increased to 4% the discount rate allowed on premiums paid in advance. The rate has been 2½%. The discount is on the sum of all future premiums up to \$50,000 from any one person and not more than 10 years in advance.



A. T. Everett

gree practicable, educate their staffs on the issues involving voluntary insurance and encourage their participation in public forums.

3. These insurers "should join with the forces of voluntary enterprise in an all-out effort to offset the proponents of complete centralized government who would destroy the dignity and responsibility of the individual." Such movements are starting, he said, participants including chambers of commerce, associations of manufacturers and retailers, professional societies of medicine, dentistry and law; farm bureaus and many other organizations.

"Unless responsible citizens are stirred to action," said Mr. Everett, "the state conferences on aging will be held without authoritative representation."

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Insurance People Shocked To Hear Gerber Accused

By JOHN C. BURRIDGE

SAN FRANCISCO—Company people and commissioners and department personnel attending the NAIC meeting here were set back on their heels by the release to the newspapers of testimony from the O'Mahoney subcommittee of the Senate that reflected on the integrity of Director Joseph Gerber of Illinois. Stewart Hopps, formerly head of the Rhode Island, which became involved in some sorry publicity, told a subcommittee of the U.S. Senate that International Guaranty of Tangier was put on the list of approved surplus line companies in Illinois by Mr. Gerber as a result of an alleged reciprocity of favors. The statement and its implications were given nationwide newspaper publicity, and coming just at the opening of the annual meeting of National Assn. of Insurance Commissioners, cast a shadow over the convention.

O'Mahoney's Motive?

In some quarters it is felt that Sen. O'Mahoney might have had a motive in letting out damaging statements about one of the leading state insurance commissioners. Many others in the business cannot understand what purpose is served by a gratuitous attack on a commissioner known to be dedicated to principle.

When the news of Mr. Hopps statement broke in San Francisco, the insurance people were shocked. This reporter did not talk to a man who is not in Mr. Gerber's corner.

Overcame Handicap

When Mr. Gerber was named insurance director of Illinois, with the support of the brokers and the crossed fingers of the companies, he took over a department that had sunk to the lowest level. Illinois stands today as a leader in insurance regulation. Mr. Gerber overcame the handicap of starting from less than scratch to achieve a reputation for fair dealing, honesty and willingness to devote himself to the whole cause of insurance—not just Illinois. He has served as chairman of a number of committees of NAIC, as a leader in the effort to enact rules for credit insurance and as head of the subcom-

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LIC Observes 50th Anniversary; Dobbs Elected President

By GEORGE E. WOHLGEMUTH

NEW ORLEANS—The 50th anniversary meeting of Life Insurers Conference was an occasion for a reap-



R. H. Dobbs Jr.



John T. Acree Jr.

praisal of the unique position of the conference in the industry and a re-statement of its founding principles. Attendance was 392, close to an all-time high, with 78 companies represented.

Dobbs Succeeds Acree

R. Howard Dobbs Jr., president of Life of Georgia, was advanced from 1st vice-president to president, succeeding John T. Acree Jr., president of Lincoln Income Life. Guilford Dudley Jr., president of Life & Casualty, is the new member of the official family as secretary. Charles E. Phillips, president of Equitable Life, D.C., becomes 1st vice-president and W. R. Lathrop Jr., president of Southern Life & Health, 2nd vice-president.

Elected to three year terms on the executive committee are, H. T. Anderson, executive vice-president and treasurer, Bankers Health & Life; Charles H. Kendall, executive vice-president, Washington National, and William S. Corey, executive vice-president, Provident Indemnity Life.

The conference enters its 51st year of operation with 91 members having \$74,070,752,830 insurance in force; \$11,648,061,653 assets; \$2,152,058,773 premium income; 67,077,485 policies in force; 75,932 field men, and 31,156 other employees.

President's Report

Following a special study by two committees on the place and growth of the conference in the industry, Mr. Acree, in his report as president, said that the same prerequisites and method of processing used in building the current high standards of membership would be retained. "In order to preserve unity of purpose and the compatibility of operation of the present membership, however, strengthened consideration will be given as to 'community of interest' in the type of business done and lives written," he stated.

When the conference began in 1910, there were 18 companies represented with a total premium income of \$3½ million. This has grown to the present impressive proportions.

In outlining activities of the past year, Mr. Acree cited the special conference tax seminar held in Atlanta and the third seminar in company operation at Savannah sponsored by the conference, which both supplied valuable and needed services to members.

Mr. Acree took up three develop-

(CONTINUED ON PAGE 10)



Government and financial leaders from several African countries are pictured during their visit to the home office of Equitable Society to learn how a United States insurance company does business. Grant Keehn, senior vice-president is shown greeting Besweri K. Mulyanti, managing director of Bulmezi Coffee Mills, Ltd., Lampala, Uganda. Others from left are Harlan A. A. Ejueyitchie, senior assistant secretary, public administration, Western Nigeria; David O. Agbeja, assistant registrar of Cooperative Societies, Western Nigeria; Hassan Mohamed Hassan, director of the department of industry, transportation and communications, Somalia; Mr. Keehn; R. I. Nowell, Equitable vice-president and economist; Mr. Mulyanti; Joseph M. Beckley, official secretary to the commissioner for Western Nigeria; Frederick R. J. Williams, permanent secretary of the Ministry of Natural Resources, Uganda, and Samuel M. Kulubya, secretary and director, Coffee Processing Co., Uganda.



J. FRANK STRAWN

Cash Earnings \$11,508.96 my first full year

Raleigh, North Carolina
May 5, 1960

Francis J. O'Brien, Vice President
Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

In a few minutes I leave for the Castle in the Clouds, Lookout Mountain, Tennessee, to attend the first Franklin Million Dollar Conference, as a charter member. This is just one of the many wonderful things that has happened to me since joining Franklin.

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My income continues to soar. In the first three and one-half months of 1960 cash commissions have amounted to \$6,845.96, and I expect to double my first year's income.

A General Agent since first of the year, I was afraid that organization work might reduce personal production. The reverse is true. I was named Franklin Man of the Month for March with total volume of \$334,335—every sale a Franklin special.

My February and March production qualified me for Franklin's exclusive Key Club, with annualized premiums in excess of \$7,200. Since January I have recruited five new Franklinites—and all of them are in production. All this may sound fantastic—and it would be, except for Franklin specials.

Believe me, my family and I are happier today than we have ever been. Yes, Franklin IS indeed our "NEXT PASTURE."

Cordially,
Frank Strawn

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present considerable difficulty because their solution requires specialized knowledge.

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Stuart C. Ferris, C.L.U.
Agency Vice-President

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Newark CLUs Told That Competition Of Mutual Funds Are Overrated

George G. Joseph, 2nd vice-president of New England Life, speaking at the distinguished service award luncheon of the Newark CLU chapter, suggested that life agents in metropolitan areas, especially New York City, are perhaps too much aware of the competition from other financial institutions for the consumer's investment dollar.

Perhaps, he said, life agents have been brainwashed to the point where they have taken the defensive and have really not been aggressive enough in selling the values of the life insurance contract.

Mr. Joseph said he had recently returned from a trip to the midwest where he talked to New England Life agents in Topeka, Omaha and St. Louis. Agents in these areas, he said, are "selling a lot of life insurance and making money in small towns, in smaller and perhaps less sophisticated cities. The thing that interested me is the fact that even though the mutual fund salesmen and the other investment salesmen have been giving them competition, it seems that sales of life and retirement income contracts, in proportion to term, are much higher than in metropolitan areas."

Mr. Joseph, referring to an article in the Wall Street Journal, in which it was pointed out that many mutual fund salesmen are unqualified part-timers, said he wondered "How many times we have asked prospects of ours who are interested in mutual funds if they have looked into the background of the men who are trying to sell them."

During the luncheon, C. Vernon Bowes, general agent of New England Life, was presented with the distinguished service award, a sterling silver bowl, for contributions that have "raised the professional standing of the industry as a whole."

Officers elected at the meeting were

28% Stock Dividend For United Of Chicago, Capital To \$10 Million

Directors of United of Chicago have approved a stock dividend of 28%, to be paid Aug. 1 to stock of record June 30. The proposal will be submitted for approval by stockholders at a meeting June 14.

By the payment of the contemplated stock dividend, United will increase its stock to 2,400,000 shares which will result in paid up capital of \$6 million.

The directors also voted to increase authorized capital to \$10 million, comprising 4 million shares at \$2.50 par, of which 1,600,000 shares would represent treasury stock.

Suicide Clause Invoked In Insurance Of Man Who Died In Exploding Plane

NEW HAVEN—The suicide clause is being invoked by Occidental Life of California in connection with the claim on \$500,000 of life insurance carried by Julian A. Frank, who was killed in a plane crash with 33 others near Bolivia, N. C., Jan. 6. The case is being tried in federal court here.

An investigation indicated that an explosion aboard the plane, operated by National Airlines, caused the crash. Mr. Frank's body was found about 20 miles from where the plane crashed. He carried a total of close to a million dollars of coverage in several companies.

Sanford H. Harmelin, Manhattan Life, Newark, president; Arthur Schechner, broker, Newark, 1st vice-president; Frederick G. Kirkland, Home Life of New York, Chatham, 2nd vice-president; Benjamin J. Bucca, Prudential, New Brunswick, secretary, and Franklin A. Stone Jr., Mutual Benefit Life, Newark, treasurer. Trustees elected were Joseph S. Flanagan, Life of North America, and Matthew E. Thompson, Metropolitan, both of Newark.

congratulations . . .

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Nate Kaufman

FIFTEEN YEARS

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E. T. Russell

FOURTEEN YEARS

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D. R. Johnson

THIRTEEN YEARS

Louis M. Carr

ELEVEN YEARS

E. K. Druart
Russell Farmer

C. B. Ingram, Jr.

A. R. Meyer

TEN YEARS

Harry Fleenor
Curt McClelland

Ken Sheppard

NINE YEARS

M. A. Kennedy
A. M. Klinefelter

D. E. Plunkitt

E. Lowell Rife

EIGHT YEARS

J. H. Ardrey, Jr.

John Botti

R. A. Mitchell

W. H. Plymate

V. C. Reed

W. E. Rogers

SEVEN YEARS

Guy Fairfield

W. Art Long

SIX YEARS

James B. Lee

Joe Rowekamp

M. J. Shanley

FIVE YEARS

H. O. Dean
M. E. Race

Ruth Russell

R. J. Schwab

David Gallagher

FOUR YEARS

Gene Tharpe

Marion Henry

J. Ronald Scharer

Lloyd Sellers

THREE YEARS

Edward Biering

Harold Howenstine

Glen Macaux

Gordon Meisner

Hayden Parker

Jack Peckinpaugh

TWO YEARS

Richard Carey

Louis O. Carr

ONE YEAR

Tom O'Haver
F. D. Patterson

Don Remington

Gene Bennett

Carroll Bryant

C. J. Hynes

Charles Keaton, Jr.

Carl Luken

Noel Manning

Everett May

W. R. Neis

F. J. O'Leary

Robert Stallard

John Simms, Jr.

David Stine

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Life Insurance in Force... More than 25 Billion Dollars



out in front

A Bankerslifeman is our contact with the public. The impression he creates is a reflection upon himself . . . our Company . . . and the entire insurance industry. He is truly the man who is "out in front."

This is why we carefully choose and thoroughly train every Bankerslifeman. He is taught to take a professional view of his work—service becomes his watchword. He is given a thorough knowledge of life insurance and its many uses so he may have both the desire and the skill to give competent counsel and service.

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Wis. Life Men Elect; Hear Inflation Talk

Wisconsin Life Insurance Leaders Round Table has elected Palmer F. Daus, National Life of Vermont, Lake Mills, chairman and Sidney A. Levner, Prudential, Milwaukee, vice-chairman. Roland E. Meissner Jr., New York Life, Milwaukee, was named to the executive committee.

Commissioner Charles Manson, the principal speaker, was unable to attend the election meeting because of illness. His talk was read by Joseph L. Agnes of the Wisconsin department. Mr. Manson pointed out that inflation is the biggest single threat facing the life agent today, as evidenced by the rising sales of term policies and decreasing desire for "cash value" life insurance. "Is it not true that the life insurance industry will have to face up to inflation and do more than just advertise against it?" he queried.

Urges A Lobby

He urged the life industry to lobby actively against inflation and said companies should encourage and educate the public to write their legislators in Washington as to their feelings about the effect of inflation on the economy of the nation. "Congress has it within its power to stabilize the purchasing power of the dollar and halt inflation. Let us make our wants known," he stated.

Mr. Manson also suggested: "Why not develop a level premium policy which anticipates inflation and provides for it in increasing benefits at a future maturity date?"

Ohio State Life Hits \$500 Million In Force

Ohio State Life has attained the \$500 million milestone of insurance in force.

President Frederick E. Jones said his company is "ready to step out among the giants of the industry . . . Our commission schedules also will keep abreast with the best."

The Gilles agency of Columbus, O., led General American Life in individual sales in April. Fred R. Sale, St. Louis, led all agents in individual production.

Ill. A&S Underwriters Elect Serio President

Salvatore Serio, Bankers L. & C., was elected president of Illinois A&S Underwriter's Forum at the May meeting. Other new officers are William D. Bruce, Employees Life, Harvey Crane, Benevolent Association of Railway Employees, and Fred Dirrick, Municipal, vice-presidents; James Conway, Prudential, corresponding secretary; William Martin, Continental Assurance, recording secretary, and Charles Hass, Combined, treasurer.

THE QUICK BROWN FOX



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Stocks

By H. W. Cornelius of Bacon, Whipple & Co.,
135 S. La Salle St., Chicago, May 31, 1960

	Bid	Asked
Aetna Life	79½	83
Beneficial Standard	14½	16
Business Men's Assurance	43½	46
Cal.-Western States	55	57½
Commonwealth Life	19½	21½
Connecticut General	318	328
Continental Assurance	142	150
Franklin Life	78¾	81½
Great Southern Life	62¾	68
Gulf Life	17¾	19½
Jefferson Standard	38½	41
Liberty National Life	53½	55
Life & Casualty	16½	18½
Life of Virginia	50	53
Lincoln National Life	216	224
National L. & A.	101	104½
North American, Ill.	12¾	14
Nw. National Life	99	106
Ohio State Life	44½	48½
Old Line Life	60½	65
Old Republic Life	14¾	16½
Republic National Life	35¾	37½
Southland Life	83	90
Southwestern Life	48	52½
Travelers	77½	80
United, Ill.	48½	51
U. S. Life	38½	40¾
Washington National	47½	51
Wisconsin National Life	34	38

Ask T

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Tax Advan

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Ask Tax Ruling On Foreign Insurers

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Bankers Ins. Co. of Miami, testified that a close study of the same subject had convinced him that if the foreign reinsurer does not do business as insurer or reinsurer within the U. S., and if the reinsurance contract is not executed within the U. S., the sole tax which the federal government may levy against any premiums ceded to the foreign reinsurer is the 1% excise tax under section 4371 of the internal revenue code.

Late in 1959, Mr. Fountain told the subcommittee, clients who control large volumes of life and disability insurance requested his opinion on the legality and income tax effects of their organizing or acquiring the stock of insurers chartered in foreign countries so that their insurance might be written by a domestic company and by it reinsured to their wholly owned foreign companies. The latter would not be admitted to or engaged in business within the U. S.

Tax Advantages

These clients pointed out, he said, that certain foreign countries do not tax the income of insurers domiciled there regardless of whether the income comes from insurance written in the domiciliary country or elsewhere, including the U. S. Also, it is possible to organize or acquire the stock of a company in these foreign countries at a very nominal capital, and such insurers under their charters can write or accept reinsurance of all types of insurance.

The clients, Mr. Fountain said, were interested in the apparent tax free feature of such foreign corporations. Mr. Fountain said his investigations disclosed that a number of foreign countries do not tax earnings of insurers and that some of them provide charters for writing reinsurance on all classes of business. In some of them there is no provision for minimum capital and surplus.

He then looked at section 881 of the 1954 internal revenue code which provides in substance that in the case of every foreign corporation not engaged in trade or business within the U. S. there is imposed in lieu of other taxes a tax of 30% of the amount received from sources within the United States. Citizens who make the payments to foreign corporations are required to withhold this tax.

He discovered a Treasury ruling (I.T. 1359 C. B. 1922, page 292) that exempts U. S. insurance brokers unable to obtain certain types of coverage from domestic companies and placing the risks through foreign brok-

ers in foreign insurers, from the requirement of withholding under the 1918 and 1921 revenue act provisions, which section 881 supercedes.

He said he concluded there was grave doubt if this ruling would apply to the plan proposed by the life and A&S insurer clients since reinsurance could be easily obtained from domestic companies on the same terms as under treaties with foreign insurers.

To get a ruling from the Treasury Department that would clear up this

uncertainty, he stated, he and his associates caused to be organized Scottish & General of Nassau. The company has been chartered and Mr. Fountain has submitted to the Treasury a request for a ruling on the proposed plan of operation. The proposed reinsurance treaties are attached to the request for a ruling. He has advised his clients not to organize or acquire a foreign insurer until the ruling is handed down. The applicability of section 881 to this type of operation should be more clearly defined, he said.

Mr. Holliwell said that American

Bankers is primarily engaged in writing physical damage coverages on automobiles and mobile homes with premiums of more than \$9 million a year. The company was interested in forming a foreign reinsurer to carry some of the catastrophe coverages.

Other provisions of section 4371 impose an excise tax of 4% on specific policies of casualty insurance if issued in the specific name of insured, and 1% on specific life, annuity, and A&S contracts when a direct policy is issued to insured.

He said that insurance premiums

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paid by a domestic corporation to a foreign insurer with no office or place of business in the U. S. under a contract of insurance made in a foreign country are not taxable in the U. S. (A.R.S. 723, I-1, C.B. 113). He concluded from his findings that Internal Revenue Service has never sought and does not seek to apply the withholding provisions of 881 to insurance or reinsurance premiums remitted to a foreign insurer not doing business in the U. S., under an insurance or reinsurance contract not made in the U. S. the government has never at-

tempted to impose a withholding tax upon remittances of reinsurance premiums abroad.

Utah Rules On Credit Insurance Are Rescinded

The Utah department has rescinded its order of March 15 which required credit life and credit A&H rates be filed with the department, with department approval of policy forms predicated on a 50% loss ratio, incurred-written.

The order was originally made

known in February with a March 15 effective date, but later on the department postponed the effective date and now the order is rescinded entirely, although the commissioner calls attention to a section of the Utah insurance code which states that insurance is affected with a public interest "requiring that all persons be actuated by good faith, abstain from deception, and practice honesty and equity in all insurance matters. Upon the insurer, the insured and their representatives rests the duty of preserving inviolate the integrity of insurance."

Insurance People Shocked To Hear Gerber Accused

(CONTINUED FROM PAGE 2)

mittee to review regulation of rating laws.

A criticism of insurance men of Mr. Gerber is that he is volatile, that he will blow up. But when he cools down he has the "right answer." Not necessarily the answer that pleases a company the most, but the answer that the company and the department agree is fair. He had not been tough with the industry, but he has learned that he has to be tough. International Guaranty, as a surplus line company, came recommended as well or better than any company on the Illinois list. After all, there were directors of the organization living in Chicago occupying places of prominence in politics and business. As Mr. Gerber said, he knew more about International Guaranty than any other company in the field, all the rest being English. He knew some of the directors and he saw a bank statement.

The feeling at San Francisco is that the Illinois director of insurance has been done dirt by Sen. O'Mahoney. The insurance people here who know Mr. Gerber do not take any stock in the statement of Mr. Hopps. They have not lost any of their faith in Mr. Gerber or any of their respect for him.

Connecticut General has opened a Pittsburgh office for handling group insurance and group pension sales, service and claims in the Chamber of Commerce Building, 7th Avenue & Smithfield Street.

JUNE INSURANCE OPPORTUNITIES \$15,000 — \$7,500

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Insurance Builder For Children—amount automatically triples at age 16, quintuples at age 21—with no increase in premium.

The Family Plan—coverage for the entire family.

Insurability Agreement—allows purchase of additional insurance at ages 25, 28, 31, 34, 37 and 40 without medical examination—available on most plans.

Pension and Profit Sharing Plans—a pioneer in this field, CML offers many attractive plans including Simplified Acceptance (guaranteed issue basis).

Wide Range Of Life And Endowment Plans—age 0 to age 70.

Lower Rates For Women—yet same dividends and cash values as for men.

Flexible Settlement Options—with interest currently allowed at 3.6%—available by contract to corporations and partnerships on business insurance.

Guaranteed Change Of Plan Clause—permits conversion at any time while premium paying to a higher premium contract.

Single Premium Annuities—rates among the best offered by leading U.S. companies—Immediate and Deferred Plans—Single and Joint Life Plans.

Graded Premium Ordinary Life—five year step-up plan—ideal for the young prospect who wants to gradually acquire permanent insurance.

Excellent Dividends—with interest currently credited on accumulations at 3.5%.*

Limits—upto \$1,000,000

Gratuation of Premium—by size—policies \$10,000 and over, \$1.50 per \$1,000 less; policies \$5,000 to \$10,000, \$1.00 per \$1,000 less.

Term—5, 10, 15, 20 Year Convertible Term—Term to 65—5 Year Renewable and Convertible Term—2, 3, 4, 5 Year Initial Term.

Discounted Premiums—accepted on liberal basis—3.6%* interest rate allowed.

Riders—10, 15, 20 Year Family Income and Family Income to age 65—10, 15, 20, 25 Year Decreasing Term—10, 15, 20 Year Level Term—Deferred Survivorship Annuity Rider.

Low Net Premiums And Net Cost—on all plans—for both old and new policy holders.

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Offers A&S Insurer Program If Federal Action Is Blocked

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sensation from business and the professions. The conferences will be a hollow mockery, since the format will be the stereotyped answer to all problems: federal intervention through legislation.

"Only if there is active participation by an alerted citizenry in the state and local conferences on aging can an objective program be developed to study and solve the problems that exist.

"I personally believe that even beyond participation in state and local conferences on aging that each of us, regardless of party, must begin to take a more active interest in politics. Over the years the word 'politics' has acquired some unsavory connotations to many people, but remember that political participation is the very heart of our system of government.

"Action at the local political level—in the party of your choice—can have far-reaching effects, through the county and state organizations, which eventually will be felt in Washington. Only through active expression of interest can we keep our representatives in government informed as to the real desires of their constituents.

Most Want Sound Government

"I am convinced that most citizens want sound government and balanced budgets, but unless their influence is felt by participation, their voices will not be heard. Being a good citizen means acceptance of the responsibility of making our political system work and only you can assure its success."

Mr. Everett ridiculed that concept of everybody suddenly becoming dependent on a paternalistic government "the moment we reach 65."

"Undoubtedly, there are some of the current aged group in need of assistance, as evidenced by the fact that 2½ million persons are receiving old-age assistance," he said. "Others may be on the borderline and slip into the area of need. Shouldn't we direct our attention to those in need and limit the use of public funds—taxes, if you will—to areas of established need? Blanketing citizens under a welfare program—whether through social security or any other method—without regard to need represents an inefficient use of tax funds and well could impair the ability of our economy to finance necessary government functions.

"I'm certain that citizens over age 65 do not wish to be segmented and classed as a neglected portion of society. On the contrary, most of them are proud to own their homes, to be self-sufficient, and to continue to live in and serve the communities of their choice as would any other citizen at any age. Most of all, they don't want political handouts to buy their votes."

Colo. Agents Set Annual For Glenwood Springs

Colorado Assn. of Life Underwriters will hold its annual meeting June 10-11, Hotel Colorado, Glenwood Springs.

"Success Vignettes" and "Viewing the Issues of the Sixties" will be featured the first day. Ann Bickerton, director field services NALU, will speak at the evening's presidents' dinner.

A leadership training workshop concludes the two-day meeting.

Hanson Is Chairman, Davidson New President Of National Travelers

Arley F. Hanson, president of National Travelers Life, is retiring from that position, effective Aug. 1, and he has been elected chairman to succeed William Koch. Mr. Koch will become chairman emeritus and will continue as a director.

Succeeding Mr. Hanson as president will be Waid J. Davidson, who has been executive vice-president.

In other promotions, Floyd Lowe has been named director of sales promotion, Howard E. Norem director of mortgage insurance, and Arvin DeCook agency secretary. Carl F. Woodmansee, vice-president and director of agencies, has been added to the board.

Nebraska Actuaries Elect

Nebraska Actuaries Club, at the annual meeting at Lincoln, elected Hodge L. Jones, Guarantee Mutual Life, president to succeed John Angle, Woodmen A.&L. Dale R. Gustafson, United Benefit Life, was named secretary-treasurer.

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LIC Observes 50th Anniversary, Dobbs Is Named President

(CONTINUED FROM PAGE 2)

ments for special comment. Not many years ago, 10% of life insurance applicants were rejected as compared to less than 3% today. Every 20th policy issued is rated up today, but the applicant is accepted, even with an impairment. Insurability as a problem may disappear in another decade, he said.

There seems to be a change in the tide of selling the "special policy" and less attraction in the so-called "gad-

gets" in connection with life insurance. A swing toward more conservative beliefs seems to be in evidence.

An industry spokesman quoted by Mr. Acree said the job before the companies is to relieve the federal or state government of any further obligation in the insurance field by providing the coverage needed by the public and leaving the activities to the government it was best suited for. "If we bend our efforts a little further toward meeting the public

need, we can still hope for the Utopia," he said.

Many life insurance leaders who have been searching for answers that would be helpful to them in meeting the problems of the future have come to the stark realization that we are in a period of history with problems never before faced by any previous generation. In meeting the challenge of the future and solving the difficult problems which face the leaders of our nation, business leaders must

cease to occupy themselves selfishly with the problems of growth and profits of their companies and recognize that man was created in the image of God, and as such, they owe to Him and to themselves this respect and recognition. Selfish dreams of power and prestige must be discarded and executives must set a more worthy goal by individually, collectively, and unselfishly placing their entire talents, abilities and natural resources behind a dedicated Christian government at all levels.

Must Speak With Authority

"Our united voices must speak with authority, in a time of humility, to every area in which our individual and company lives touch the rest of the world," Mr. Acree stated. "One person or one company would not make an impact, but with responsible and informed leadership and with the dedication that must follow, we can look into every facet of our company operation, being sure that each communication center within each company knows where it has been and where it is going—and why."

The need for maintaining the high ideals and unique character of Life Insurers Conference following its half century of operation was pointed out by Martin W. Williams, executive vice-president, in his annual report. He referred to the study which had been made of conference operations by the special committee of past presidents appointed for the particular purpose of assessing its place in the industry.

Have Unique Operation

"As we come to the close of a half century of service, I think it must be acknowledged that we have a rather complex and certainly a unique operation," he stated. "The decision of your executive committee to continue to follow these same principles and concepts does not represent any degree of naivete."

There are some things which can be lost by changing the character and objectives of the Conference, he said. The unity can be changed by inviting new companies not compatible with the present membership and not having the same community of interest. The character and closeness of the membership can be lost by building just for bigness sake. The position in the industry could be gradually lost through loss of perspective. To mimic other associations would be fallacious in a competitive race for services. The spirit of organization can be lost through failure to understand and appreciate the true composition of the membership by misguided leadership.

"For those who would seek bigness and a different type of Conference prestige, let them be prepared to finance a large budget and a large staff," he said. "As they move into such, services will become impersonal, companies will want most of the work

*Northwestern Mutual's
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one for them in order to get their money's worth; operations will, in many instances, become mechanical, values will be measured on the scales of materialism, and the Conference will have lost its most prized possession." Most people in the world today are not satisfied with life as it is and want change, Arthur Larson, director of Duke University world rule of law center and special Consultant to President Eisenhower, asserted. Communism has identified itself with this desire, whereas the American system is the explosive force that has liberated the common man socially and economically, he said. More and more the struggle between Communism and the West around the world has taken the form of a struggle of ideas. We must get across to the people of the world what we are for and what makes us tick, he declared.

Discusses Government Role

Distinguishing the various concepts of the role of government in society, Mr. Larson said the role in the American system was defined by Lincoln as to do for the people what needs to be done, but only when they cannot do it themselves. The concept of socialism is that if something needs to be done, let the government do it. The concept of the reactionary is that if something absolutely has to be done and it can't be done privately, but only the government can do it, don't do it at all. Under the old capitalistic system, it was believed that there was an inherent enmity between labor and business. The capitalist had no interest in labor whatever but to make out of it what he could. In the present American free enterprise system, business, labor and government are not fundamentally antagonistic, but advance each other and through cooperation, advance the general welfare and achieve prosperity. Mr. Larson pointed out that the communists themselves are copying the free enterprise system and have achieved successes in the direct degree to which they have imitated the free enterprise system. There is not an ounce of incentive in the concept "from each according to his ability and to each according to his need." Marx, in the Communist Manifesto, said that the downfall of bourgeois society would come from too much productivity. The Communists do not take this as their text when they preach their doctrine to the non-communist world, however.

Beware Of Trap

We should not fall into the Khrushchev trap of a productivity race with Russia because we are not starting from the same spot. Half the Soviet people still work on farms as compared with only one-eighth in the United States. All governmental activities in Russia are devoted to increasing farm productivity; in the United States the government attempts to decrease production. The race is not with Russia—we want to be our own pace-setter. The memorial resolutions were presented by Y. W. Scarborough Jr., Atlantic Coast Life. Members who passed away in the past year were: John E. Jones, Detroit Mutual; Dr. Norman B. Cole, Baltimore Life; Cecil F. Cross Sr., and Charles E. Carrel, Lincoln National; Yetta I. Samford, Liberty National; Arthur L. Coffey Sr., Life of Georgia; C. M. Herron and Holt Bean, Life & Casualty, and R. Turner Arrington, Life of Virginia. Manpower demands of the next decade are unbelievable, Kenneth Black

Jr., chairman, department of insurance, Georgia State College of business administration, Atlanta, asserted in his talk which stressed the need for an adequate regional insurance program. The southeastern part of the country is a prime source of manpower. He discussed the difficulties of assembling a competent staff required to offer a curricula for the attainment of an MBA degree.

There is great pressure for improving the mathematics curricula, he pointed out, in the competition with the Soviet Union.

Independent Life & Accident has made a scholarship available. Dr. Black asked more companies to do the same. He urged executives to give their moral as well as financial support to the program.

Paying tribute to the founders of Life Insurers Conference, H. C. E. Johnson, president of Interstate Life & Accident, stated that the Conference had never departed from the high ideals of the men who had founded it 50 years ago and brought an end to the chaotic conditions in the business. They were men who carried out

a program of high ideals for the betterment of humanity. They recognized that life insurance isn't a business, but an institution.

The charter members are Carolina Life, Interstate Life & Accident, Kentucky Central Life & Accident, Life of Georgia, National Life & Accident, Peninsular Life, and Southern Life & Health.

The success of the combination life agent on his debit is the success of the combination companies in serving the public. The business is making great strides in bringing into the



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THE FIRE & CASUALTY INSURANCE COMPANY OF CONNECTICUT
FOUNDERS' INSURANCE COMPANY

business the right type of agent and winning public acceptance. The combination man uses both "tact" and "contact" 365 days a year.

Mr. Johnson emphasized the importance of spirit. It is spirit he said, that makes the difference between a house or a home.

The closing session was an open forum on problems of the hour. Charles E. Phillips, president of Equitable Life, D. C., 2nd vice-president, presided.

Gustin E. Wilson, Baton Rouge humorist, convulsed the members with his Cajun dialect stories.

A welcome to the state was extended by Commissioner R. D. Hayes of Louisiana. J. E. Fitzmorris Jr., New Orleans councilman, presented a key to the city to President Acree.

Name Winning Publications

Winning publications in the company house organ contest were: Record, Union National Life, La., best mimeographed company weekly; Interstate, Interstate Life & Accident, best printed weekly; Progressive Review, Progressive Life, N. J., best mimeographed monthly; Bankers

Booster, Bankers Health & Life, best multilith or offset, industrial receipts over \$5 million; Light, Peninsular Life, best multilith or offset, industrial receipts under \$5 million; Log, Life of Georgia, best printed monthly, industrial receipts over \$5 million.

Winners in the golf tournament received their prizes from John L. Briggs, Southland Life, activities chairman, at the banquet. They were F. G. Shepard, American United, first low gross; J. S. Gould, Reliable Life, first low net; T. B. Baxter, Rio Grande National, second low gross; G. W. Young,

Connecticut General, second low net; J. P. Hanna, Health Insurance Assn., high gross.

A forum for the problems of smaller companies drew a record-breaking attendance. T. C. McCullough, president of Union National, was moderator.

W. H. Keck Jr., Oglethorpe Life, showed pictures of Conference meetings over the past 13 years.

Reports On Year Of Action For NAIC

(CONTINUED FROM PAGE 1)

come." NAIC must plan for continued activity and additional expense, he observed.

Liaison with federal government on insurance matters is demonstrated. Mr. Hammel said, by the attendance at the San Francisco meeting of representatives of the Department of Defense (to discuss solicitation of insurance on military reservations); Federal Trade Commission (to review the Supreme Court decision in the Travelers Health Case), and Federal Housing Authority (to confer on the need for uniform minimum provisions in policies used in credit transactions).

NAIC has placed in the record of the Senate committee on consumer credit its position and accomplishments in the credit life and credit A&H field. NAIC was represented at the congress on prepaid health insurance sponsored by American Medical Assn., and Mr. Hammel, as NAIC president, served as a member of the committee for the Ford Foundation which recommended that the foundation grant a fund to a large university for a study of "the impact of pension plans on older workers."

Ill. Life Agents Hit Direct Group Writing

At the conclusion of the annual meeting of Illinois Assn. of Life Underwriters the following resolution was read: "Illinois Assn. of Life Underwriters wishes to express its concern over the practices of a few of the well-known life insurance companies who are engaging in the direct writing of group insurance and offering substantial amounts of group life insurance through 'pseudo group plans' for trade associations and professional societies.

Considerable Amount Written

"Over the past few years there has been a considerable amount of this kind of business written—mostly confined to larger cases. Such practices appear to be on the increase. And now we observe them being written on organizations in the 500 life class.

"In some cases life insurance companies have chosen to eliminate the agent and look to a 'consultant.' By so doing we feel they are being distinctly unfair to their own agents.

"We of Illinois Assn. of Life Underwriters object to these methods by life insurance companies, whether the case be large or small, and we dedicate ourselves to fight these trends."

Service Guide

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Holiday on the Road: Most members of the 1959 General Agents' Council spent New Year's Day traveling to the meeting held January 2, 1960, in Guarantee Mutual's new Home Office at Omaha, Nebraska. Council members attending the meeting were (left to right): R. J. Rothhaus—Greeley, Colorado; C. M. Leonard—Tulsa, Oklahoma, (Vice Chairman); R. O. Kiplinger—Omaha, Nebraska, (Secretary); Bert Chan Wa—Honolulu, Hawaii, (Chairman); E. D. Stemsrud—Minneapolis, Minnesota; C. A. Story—Sidney, Nebraska; F. D. Savage—Dallas, Texas.

GENERAL AGENTS' COUNCIL:

Sounding board for agents' ideas

Salesmen making policy suggestions to Home Office management? This is not only possible at Guarantee Mutual Life—it's encouraged through the General Agents' Advisory Council.

The Council is a long established program with the company. Each year, seven outstanding general agents, selected on the basis of merit and geographical location, are asked to serve on the Council. These leaders meet with company officials as a "sounding board" to evaluate suggestions from the field organization on how to improve company policies, operations and services. To encourage participation by all agents, a field-wide request is made for constructive suggestions once each year.

Many of the policies now working for the benefit of both agents and policyowners of Guarantee Mutual Life are a result of this program.

By recognizing the importance of the field man's viewpoint,



Chairman of the 1959 General Agents' Council, Bert Chan Wa, Honolulu, makes his report to the 1960 General Agents' Conference. In his report, the chairman summarizes the work of the Council and discusses questions of general interest to all agents.

Guarantee Mutual has earned acclaim as one of America's most progressive insurance companies. The company's record-breaking growth is reflected in its growing family of enthusiastic field representatives.

Agencies open in the following states: Iowa, Nebraska, South Dakota, Illinois, Texas, Wyoming, California, Washington, Kansas. Write to Floyd E. Reynolds, CLU, Superintendent of Agencies, Guarantee Mutual Life Company, 8721 Indian Hills Drive, Omaha, Nebraska.



R. E. KIPLINGER,
President

LIFE • ACCIDENT • SICKNESS • HOSPITALIZATION



Gerhart from left Metropolis Union Central Stansberry vice-pres

Ill. Life Agents Hit Vigor

By W

Considerable amount of business written—mostly confined to larger cases. Such practices appear to be on the increase. And now we observe them being written on organizations in the 500 life class. In some cases life insurance companies have chosen to eliminate the agent and look to a 'consultant.' By so doing we feel they are being distinctly unfair to their own agents. We of Illinois Assn. of Life Underwriters object to these methods by life insurance companies, whether the case be large or small, and we dedicate ourselves to fight these trends."

Kenny Nam

James T. tawa, was ceed Mr. berry Jr., N. field, was president a Union Cent secretary-t Penn Mutu committeer executive s This is wor tion is wor In fact, a left someth fire has ce full head up. In his re some of th has made chief amon ble results ciation has sentation pointed ou



Gerhard C. Krueger, Equitable Life of Iowa, Chicago, retiring president (3rd from left), presenting gavel to his successor to the office, James T. Kenny, Metropolitan, Ottawa. Others in picture, from left, are George H. Schuermann, Union Central Life, Chicago, the new secretary-treasurer; William E. North, general manager New York Life, Evanston, vice-president of NALU, and C. F. Stansberry Jr., Northwestern Mutual Life, Plainfield, the new administrative vice-president.

Ill. Life Assn. Gives Signs Of Renewed Vigor, Assuming More Positive Role

By WILLIAM H. FALTYSEK

Considerable stirring and stretching emanating from the annual meeting of Illinois Assn. of Life Underwriters at Decatur last week seem to indicate that a semi-dormant giant is again awakening to its size, strength and position in state insurance circles. Unfortunately, this has not been the case in the past few years. It was noted, however, by this reporter at the semi-annual meeting last November that under the dynamic leadership of President Gerhard C. Krueger, Equitable Life of Iowa, Chicago, things were beginning to move. And this they have done, as Mr. Krueger indicated in summing up his stewardship at the Decatur meeting.

The attitude that "we are big boys now and don't have to ignore bad things and maybe they will go away," was quite evident at the day-long gathering held in conjunction with the annual sales congress of the Decatur association the following day. And the new officer slate elected seems eminently qualified to continue to move association affairs forward in the same degree they have progressed under Mr. Krueger and a real working team of staff, committees and regional vice-presidents.

Kenny Named President

James T. Kenny, Metropolitan, Ottawa, was named president to succeed Mr. Krueger. Charles F. Stansberry Jr., Northwestern Mutual, Plainfield, was named administrative vice-president and George H. Schuermann, Union Central Life, Chicago, is the new secretary-treasurer. Roy D. Simon, Penn Mutual Life, Chicago, is national committeeman. Gwen Sheehan remains executive secretary.

This is not to say that the association is working at full strength as yet. In fact, attendance at the meeting left something to be desired, but the fire has certainly been lighted and a full head of steam is fast building up.

In his report, Mr. Krueger outlined some of the advances the association has made during the previous year, chief among these being really tangible results on the "problems the association has had in meeting misrepresentation of policy contracts." He pointed out that "volumes of pro-

posals and other questionable materials were sent through the cooperation of the members to the insurance department for its investigation."

He added that on May 23 the department sent insurance companies using the materials a directive covering the situation and quoted six of the pertinent points: Companies must discontinue any reference to other companies in their advertising and sales materials; all of their advertising material must have the approval of the department; the hourglass illustration used so frequently must not ever be used; advertising cannot include any reference to profits or profit-sharing terminology; they will have to discontinue any reference to investments, (CONTINUED ON PAGE 18)

LOOK HERE!..

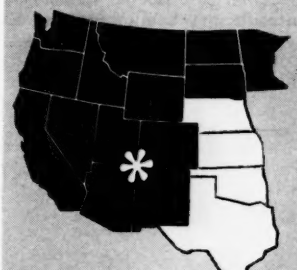
With a proven sales record, and if living in one of the Provident States*, we may have just the opportunity you are looking for.

WHY NOT HAVE?..

- ▶ Your own general agency
- ▶ Top commissions on personal production
- ▶ Vested renewals
- ▶ Competitive policies
- ▶ Powerful sales brochures
- ▶ Tops in support from Home Office
- ▶ Growth with a growing company

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JOSEPH DICKMAN,
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North Dakota • Utah
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LIFE • HEALTH
INSURANCE COMPANY
BISMARCK, NORTH DAKOTA

BUILD A SECURE FUTURE WITH... YOUR OWN AGENCY

Built on the strong foundation of Central Standard Life's
new Career Contract that offers you:

Completely vested Renewals for the premium paying period of the policy
Substantial Override for general agents
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With Central Standard You Enjoy

- working with an agent-agency building organization
- company sponsored education
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- liberal underwriting

"The secret of success is Constancy to Purpose"

Benjamin Disraeli

Our success has been achieved with our career men and women.

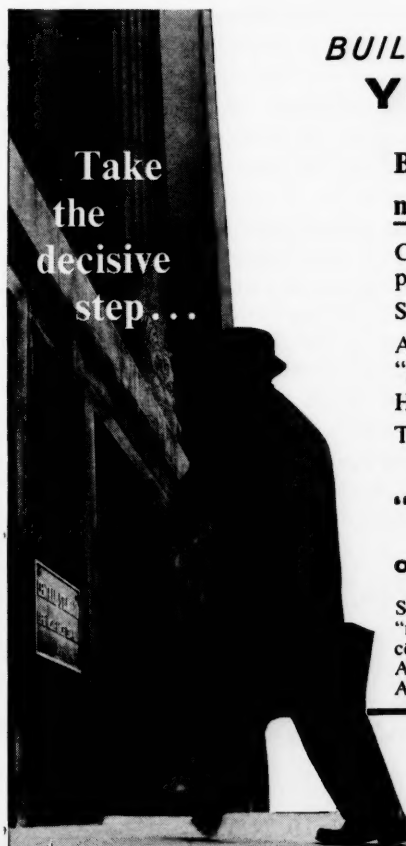
See for yourself—Write or wire today for your "new approach" agent's kit. Get full details by contacting your local Central Standard General Agent or: John M. Laffin, Vice President and Agency Director.

In Force: \$357,405,420

Assets: \$107,284,880

Surplus: \$14,591,874

CENTRAL STANDARD LIFE
Founded 1905 INSURANCE COMPANY
211 W. Wacker Drive Chicago 6, Illinois
Life • Accident • Sickness



Take
the
decisive
step...

Home Office Changes

Northwestern Mutual Life

J. D. Hogan, staff consultant to New York State Comptroller Arthur Levitt and research director state department of audit and control, has been named assistant director of markets research. Among his publications are two textbooks: "American Social Legislation" and "Introductory Economic Analysis."

He was formerly on the faculties of Russell Sage College and Syracuse University.

Occidental Of California

E. S. Sharpe has been appointed agencies field superintendent. For the past three years he has been agency vice-president for Northwestern Life

in Seattle and prior to that he was with Dominion Life.

Mutual Of New York

P. J. Domenico, systems analyst in the electronics installation division, has been promoted to assistant director of electronics installation. He is an associate of Society of Actuaries.

John Hancock

Former assistant district managers appointed regional supervisors-administration are W. P. Hannon, southern New England region; P. H. Mitchell,

New Jersey, New York and eastern Pennsylvania, and J. A. Foley, Connecticut and Long Island, N. Y. Mr. Hannon has been at Quincy, Mass., Mr. Mitchell at Stamford, Conn., and Mr. Foley at Lynn, Mass.

New England Life

Guy L. Fairbanks Jr. has been appointed director of group sales. He has been manager of the employee benefit department of Bowles, Andrew & Towne, consulting actuaries in Atlanta, and before that was an assistant vice-president of New York Life and an officer of the brokerage firm of Johnson & Higgins in the New York employee benefit division.



Guy L. Fairbanks Jr.

Northwestern National

F. L. Anton, assistant in the public relations and advertising department, has been named editor of Northwestern National News, the company's weekly publication for its sales organization.

Lincoln National

New vice-presidents are H. L. Boeck, formerly 2nd vice-president of mortgages and real estate, and T. A. Watson, who has been 2nd vice-president of group.

Promoted to 2nd vice-president are W. L. Gadiant, assistant vice-president of investments; W. E. Lewis, associate actuary; and C. N. Walker, assistant vice-president. Mr. Lewis will also be controller and Mr. Walker will head the A&S department.

N. F. Buck, associate actuary in research, has been advanced to actuary, and D. A. Thomas becomes assistant vice-president of the Dallas regional reinsurance office. He was assistant secretary and manager there.

Massachusetts Mutual

R. F. Cunningham and W. M. Antil, regional group underwriters, and R. A. DeSimone, group underwriter, have been promoted to senior group underwriters.

Prudential

Dr. R. S. Schaaf, assistant medical director, has been promoted to associate medical director. He is secretary of Assn. of Life Insurance Medical Directors.

Metropolitan Life

W. C. McKeehan Jr. has been appointed advertising consultant. He has been a vice-president of the J. Walter Thompson advertising agency, New York City.

Union Mutual Life

R. L. Roberts, regional group manager of the southern New England group office at Boston, has been appointed director of group sales and service. He has also been regional group manager at Los Angeles.

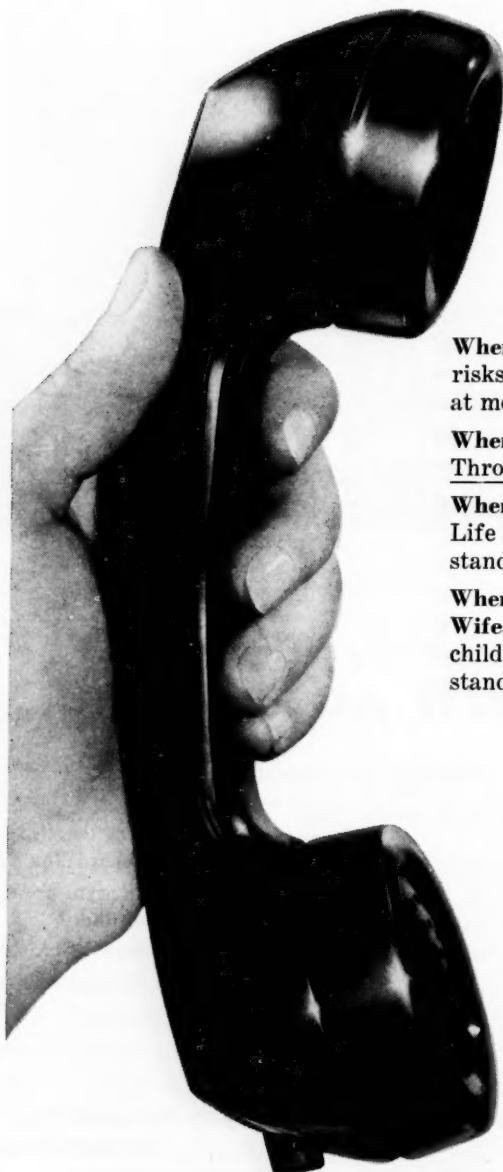
New York Life

W. C. Heimburg, formerly in the sales promotion division of the marketing department, has been appointed a public relations associate.

Lutheran Brotherhood

H. E. Gloystein has been appointed assistant secretary of the agency department.

Give him a ring



When you phone
The Man from Manhattan,
chances are your problem is over.

HERE ARE JUST A FEW
OF MANY WAYS HE CAN HELP:

When You Need Progressive Underwriting on sub-standard risks Through Age 74 (we issue up to 1,000% mortality at most ages).

When You Need Family Income and decreasing term riders Through Issue Age 64, standard or sub-standard.

When You Need Permanent Plans (Ordinary Life, 10 Pay Life and 20 Pay Life) To Issue Age 75, standard or sub-standard.

When You Need up to \$50,000 Low Cost Insurance on a Wife, available under our Family Member rider, with children or even if there are no children, and issued standard or sub-standard.

When You Need a Family Member Rider to cover minor children of a widow, widower or divorcee without spouse (sub-standard issued on minor children).

When You Need a Guarantee of Future Insurability, issued and exercisable through age 64 with the guarantee amount actually payable at death if it occurs before conversion. Amounts available as high as \$50,000, standard or sub-standard, and at very low cost when Level Term Rider is attached to any permanent Manhattan policy—old or new.

Manhattan Life is Famous for its Flexibility, with 55 policies and 13 riders, not counting the sub-standard versions.

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Our 2nd Century

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Field Changes

State Mutual Life

J. J. Pavelich, assistant manager at Fresno, Cal., has been appointed manager there. He has also been a district manager for Penn Mutual Life. W. J. Fulkerson has been named manager at San Diego, where he has been associate general agent for General American Life. He is president of San Diego Life Underwriters Round Table and a director of San Diego L&H Assn.

Manhattan Life

A. E. Spakowski has been appointed general agent at Milwaukee, where he has been with Phoenix Mutual Life. He has been a director of Milwaukee Life Underwriters Assn.

Occidental Of California

D. W. Wetherill, assistant manager at Philadelphia, has been named acting manager there. He replaces J. A. Allison who has been named 2nd vice-

president and transferred to the Los Angeles agency department.

D. D. Spear has been appointed assistant brokerage manager at Portland, Ore. He has been with Prudential.

Prudential

J. L. Cross and W. F. Curcuro Jr. have been named staff managers in the Belleville and East St. Louis (Ill.) district offices, respectively. G. A. Fint is manager at the former agency and D. B. Ross at the latter. Mr. Cross joined the company in 1957 and Mr. Curcuro in 1948.

Bankers Life, Ia.

J. W. Tausek has been named agency manager in New York City succeeding Chet Falkenhainer who has resigned for health reasons.

Old Republic

Daniel M. Filetti has been named general agent at Rimersburg, Pa.

Colonial Life

F. H. Johnson Jr. has been appointed resident superintendent in Pittsburgh. He has been life superintendent in

northern New Jersey for American Life of New York and before that a district manager for State Farm.

Constitution Life

J. F. Mallard has been appointed group manager at Los Angeles. He was with Prudential as district group service manager at Minneapolis.

Provident Mutual

A. L. Gates has been appointed district manager at New Orleans, where he has been with State Mutual Life. He is a member of the 1960 Million

Dollar Round Table and a former director of New Orleans Life Underwriters Assn.

Midland Mutual

John M. Turner Jr. is general agent in charge of a new agency at Louisville. He has been unit manager in Louisville for Penn Mutual Life.

United States Life

August Kattermann Sr. has been appointed manager at East Orange, N. J. He has been a supervisor for New England Life at Hackensack.



MODERN AS A MOBILE-

Modern . . . complete . . .
motivating . . . describes
Union Mutual's personal

insurance sales kit. It's mobile, too, in the hands of men who are on the move. Included are all forms of life insurance plus a new high-minimum policy, retirement income, annuities, endowments, Non-Can sickness and accident, hospitalization and major medical. We also underwrite all popular types of group insurance.

But you don't sell men with coverages alone. Awareness of need is what motivates prospects and we help our field men create this awareness with proven point-of-sale material. Powerful and complete, our sales kit catalyzes many sales. With it, our men carry confidence . . . confidence that they can offer their prospects and clients the best coverage at a competitive premium.

Our sales kit is another way we build better men. We build their stature in the community, and as this increases, so does their income. The result—a leader who is a credit to both himself and the Union Mutual.



UNION MUTUAL

America's 8th Oldest Life Insurance Company

Rolland E. Irish, President John R. Carnochan, Executive Vice President

LIFE/ NON-CAN SICKNESS & ACCIDENT/ GROUP

CONGRATULATIONS

to the 148 members of our organization who
qualified last year for the President's Club.

They did it through outstanding achievement in performance and in quality of service to clients. Their dedicated philosophy is well expressed in this statement from our 1960 Annual Report. "Our fundamental principle—selling insurance is a service which is performed for the advantage of the client. And this principle places high value on the quality of the service." Congratulations to our President's Club.

CONNECTICUT GENERAL
Life Insurance Company, Hartford



Met's 3,000 Ordinary-Only Agents Wrote Billion In 1959

(CONTINUED FROM PAGE 1)

planning for the future. We recognize, for example, that not only is there need for new products but, with the shift in population, the need for a new approach to the distribution of agents and agencies throughout the United States and Canada.

"We have created at the home office a division with long range planning as its major function. The implication is clear here, too. We felt the need to

take a long look ahead on all fronts, in the home office as well as in the field, not simply to accept change and adjust to it but to anticipate and plan for it, carefully and aggressively, and also to consider the future implications of our current decisions. This does not mean that we have not been planning in the past—we have. What it does mean is that we have come to accept the fact that long-range planning is a paramount responsibility of

the company.

"You might be interested to know that the first task of this long range planning unit was the definitization in written form of our company principles. We quickly discovered that there is a difference between principles and objectives. Objectives change. Principles are constant."

In addition to the Metropolitan insurance consultant program, Mr. North mentioned other results of the planning

function, such as the new series of policies, new basis for compensating agents, new basis of production credit and improved education and training programs.

The compensation plan, he said, provides greater incentive to improve both production and conservation by offering considerably greater income opportunity for the competent and ambitious agent and encouraging the agent to take the fullest advantage of the expanding insurance market.

"Another important result," he said, "is in our basis of awarding production credits. In place of giving credit for the amount of insurance sold, we now give it on the basis of the amount of first-year commission earned—\$1,000 of credit for each \$10 of annualized first-year commission."

Predicts Important Effects

"We believe that this will have a very important effect on the type of insurance sold. For example, it should restore a balance of sales attention between the term and the permanent plans. It should also assist in sales being made strictly on the basis of policyholder needs. There is no added incentive for the agent to sell 'volume' as against needs."

Mr. North said Metropolitan has also realized the increasing need for a better trained and coordinated operation in the home office as well as in the field.

"In consequence, we have set up a whole new series of home office training programs, beginning with our new clerks and going up to three-week seminars held in Princeton for middle and upper management levels, including vice-presidents," he said. "The programs are varied in content and length as well as in objective, but they are all beamed at giving our home office personnel better training and supervision so that they, in turn, can coordinate their efforts more effectively with their field associates. Better service must be the continuing objective."

Taking a look at the future, Mr. North noted that the population distribution by 1970 will be radically different from today's, for the over-all increase of 16% will bring an increase of only 3% in the best life insurance market, the age 25 to 44 group. This means there will be increasing pressure on family heads to protect and educate their children. Also, the expected 24% increase in people over 65 may give greater importance to annuities and high-investment-value policies.

Added Pressure For Manpower

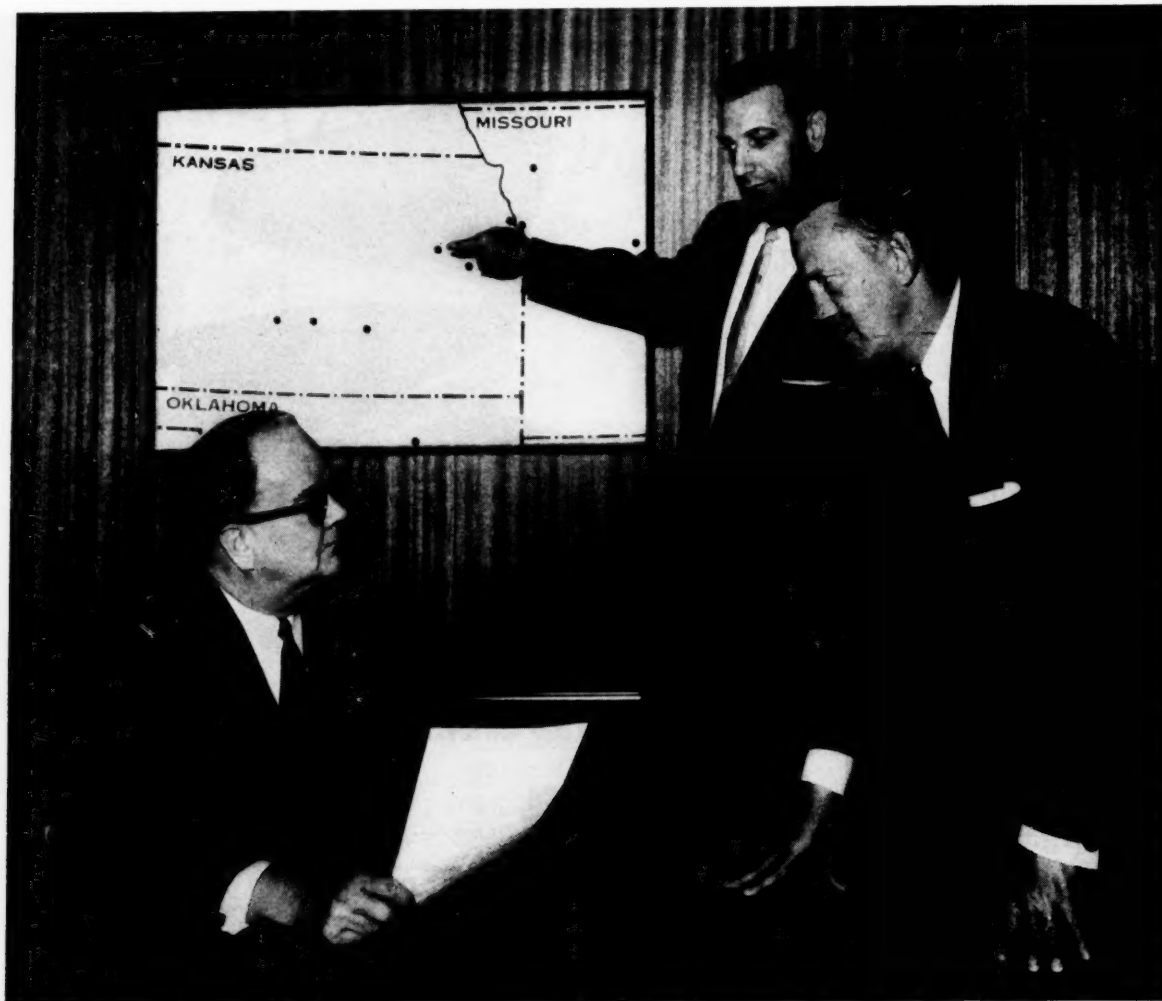
At the same time, said Mr. North, the small expected increase in the 25-44 age group will add to the competition for the added manpower needed to make the increased insurance sales.

"We will be forced to become more efficient in our selection and training in our management techniques and in our control of expenses," he predicted. "Automation will become more important, for obvious reasons. The effect of

this situation... region and... regional bas... necessary... desirable... activities... some are... Women Will... The incre... in the popu... working po... to have quit... "Both the... will require... said. "H... policy plans... them may... perhaps w... agents will... this. Anoth... increasing r... older ages v... needs for... expanded mar... The mos... population... the city and... "For one... mean that v... in the outl... areas. To a... will be ope... and this wi... recruited, h... sells, the f... many other... Population... doesn't tell... the market... North. By 19... families wi... incomes of \$... more of th... cretionary,"... the competi... intense and... we can show... of this addit... to secure g... tection."

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Not For Gro... Metropolit... perimposed... maximum... turned down... 19th insuranc... agency. Nor... sympathy for... schedule he... certain selec... underwritten... Calling it... sound unde... plained in... tan's attitud



Successful Agents first... General Agents now

Here, with Bob Belisle—district superintendent for American United in Kansas City—are two general agents who have taken advantage of the opportunities provided by the company with the "partnership philosophy."

Kaler Bole became a top individual producer while developing the Topeka area for his agency, and an outstanding trainer and supervisor of his growing staff. One of the successful agents was Otto Schnellbacher, All American in basketball at U. of Kansas followed by four years of professional football and a year of professional basketball. Otto soon ranked as high in insurance sales as he had as an athlete.

Today Schnellbacher is captain of the Topeka operation, with nine associate producers under his management. Bole has moved on to Kansas City, with a new production organization, seven associates to share his success formula.

Bob Belisle, with justifiable pride in his 24 full-time

agents, says "There's plenty of opportunity for good men to grow, with American United!"

Today, American United is in the top 5% of all the nation's life insurance companies, with well over \$1 billion \$400 million of business in force, and a phenomenal rate of growth. It is a good Company to be with—whether you're buying, selling, or building a career.



AMERICAN UNITED LIFE INSURANCE COMPANY • HOME OFFICE: INDIANAPOLIS, INDIANA
ALL ORDINARY LIFE FORMS-FLEXIBLE OPTIONS-LOW NET COST SPECIALS-UNIQUE JUVENILE-GROUP INSURANCE-GROUP RETIREMENT-PENSION TRUSTS-NON-CANCELABLE
DISABILITY-GUARANTEED RENEWABLE MAJOR MEDICAL-GUARANTEED RENEWABLE HOSPITAL & SURGICAL-SPECIALISTS IN SUBSTANDARD UNDERWRITING & REINSURANCE

Service Guide

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Management Consultant
to Insurance Organizations
FIRE-CASUALTY-LIFE
Hoydens Hill Road Fairfield, Connecticut

series of this situation will vary from region to region and require planning on a regional basis to a greater extent than necessary now. For example, it may be desirable to decentralize home office activities on a functional basis, as some are doing now."

Women Will Change Picture

The increasing proportion of women in the population generally and in the working population may be expected to have quite an effect, said Mr. North. "Both their numbers and their needs will require greater sales attention," he said. "Here, too, more appropriate policy plans and better ways to reach them may be required. For example, perhaps we will find that women agents will be the best way of doing this. Another effect will be that the increasing number of women living to older ages will create added protection needs for the husband and an expanded market for insurance."

The most striking aspect of the population increase will be found in the city and suburban areas, he said.

"For one thing," he said, "it will mean that we will need more agencies in the outlying areas of the urban areas. To a considerable extent they will be operating in a different type of market, physically and economically, and this will affect the type of man recruited, his sales methods, what he sells, the form of supervision, and many other things."

Population, though very important, doesn't tell the whole story about how the market will change, said Mr. North. By 1970 some 40% of America's families will have after-tax annual incomes of \$7,500 or more. This means more of their incomes become "discretionary," and when this happens the competition for it becomes more intense and "we must plan now how we can show these families that a part of this additional income must be used to secure greater life insurance protection."

Discusses Jumbo Group

Discussing group limits, Mr. North said "it is our feeling that limitations on the amount of group life insurance, such as are embodied in certain statutes in some states, will prove increasingly impractical as time goes on. A limit that may have seemed satisfactory 10 years ago is now likely to be unduly restrictive. We believe that sound underwriting should be the important consideration."

"If the amount is restricted by some formula, the buyer may very well find other avenues through which he can provide death benefits over and above the maximum legal limit on group term life insurance. In fact, some of our policyholders have turned to self-insurance to obtain the desired benefits, some have incorporated additional benefits in their bank-trusted pension systems, and others have obtained individual policies on a guaranteed issue basis."

Not For Group-On-Group

Metropolitan doesn't believe in superimposed group to reach a desired maximum. The company recently turned down an invitation to be the 19th insurer on a small advertising agency. Nor has Metropolitan any sympathy for cases with an unbalanced schedule heavily biased in favor of certain selected employees. It has not underwritten any such cases.

Calling it basically a matter of sound underwriting, Mr. North explained in some detail Metropolitan's attitude on the types of groups

that should be considered eligible for group term life insurance.

"There may be some situations where it might be possible to develop a soundly constructed group insurance plan even though the usual employer-employee relationship does not exist," he said. "Examples of this type of situation are group insurance covering labor union members, members of an association of employers in the same industry and their employees, dealers engaged principally in marketing the products of one manufacturer, mortgage borrowers from a particular lend-

ing institution and the creditors of a vendor.

"These are already fairly well established forms of group insurance and generally do not raise many questions but nevertheless we feel that they need to be scrutinized continuously from an underwriting point of view."

Must Be Good For All

"When we refer to underwriting, we mean all those qualities which make for sound and satisfactory results both from the point of view of the individuals insured and the in-

surer. We think that a prime qualification is the cohesiveness of the group, so that we can be sure of genuine economies and advantages in the group approach. It is when such cohesiveness is not present that we question whether there are any advantages in the group approach."

"We feel strongly that underwriting coverage for employees of political subdivisions, where there is no financial participation by the governmental unit, is an unsatisfactory type of group insurance, and we do not participate in this coverage."

"Looks like Republic National Life has scored another FIRST, Charlie."

Republic National Life Now Offers
AGENTS — GENERAL AGENTS — BROKERS

\$30,000.00

NON MEDICAL LIMITS

After pioneering and testing \$25,000.00 Non-Medical Limits for seven years R.N.L. is further increasing its sound program of liberal underwriting.



"You're right again, Herman, and they've also liberalized the OPTION TO PURCHASE ADDITIONAL INSURANCE..."

I bet we'll be posting

THREE BILLION

Life Insurance in force in RECORD TIME."

For Information Regarding
GENERAL AGENCY OPPORTUNITIES
Contact H. R. Hunke
Assistant Vice President and
Director General Agencies

REPUBLIC NATIONAL LIFE Insurance Company DALLAS, TEXAS

LIFE • ACCIDENT • SICKNESS • MEDICAL AND SURGICAL REIMBURSEMENT • HOSPITALIZATION
GROUP • PENSION • FRANCHISE • BROKERAGE • COMPLETE REINSURANCE FACILITIES

III. Life Assn. Shows New Vigor, Assumes More Positive Role

(CONTINUED FROM PAGE 13)

and under no circumstances must they make any reference to policies being paid up in an unreasonably short length of time.

Mr. Krueger said the directive will unquestionably curtail to a great degree, if not completely stop, the activities to which the association had taken exception and worked so hard to defeat. He urged his audience to

continue to send the state association office any materials which seemed to rate investigation.

Mr. Krueger, not being a man to look at only one side of any question, warned the agents "not to succumb to the same practices we so readily abhor. You may question this statement, but be assured that in my visits to the department I have been confronted with affidavits and complaints against

members of our own association using what could be called misrepresentation or unfair practices.

"While few if any have been called into the department at this time because of lack of adequate evidence in support of these infractions, you must remember that as an association member you will be watched closely and will rate criticism, if not revocation of license, just as surely as those you

have criticized. Call this a victory for our association if you like, but also make certain that our own lines are clean and kept clean. The department I assure you, will be watching, and offenders will have to answer for their transgressions."

Mr. Krueger noted that one of the greatest achievements of the outgoing administration was the relationship established between the department and the state association. He said this was attested to in a speech by Mr. Gerber at the Rockford association sales congress on which he congratulated the state association for the help it had been to the department. "And I might add," said Mr. Krueger, "that while the director and I don't always agree, our relationship is more than excellent and I, for one, feel that he is the best we have had in the state of Illinois for the last 25 years."

Must Advise Members

In keeping with the burgeoning "get tough" policy of the association, Mr. Krueger said that while the association does not wish to practice partisan politics it is only right to advise the members of the interest displayed by "our congressmen and senators in Washington when asked their opinions relating to specific legislation."

"I am now referring to the Forand bill," he said, "which prompted an inquiry by this association as to the opinions of our senators and the two congressmen from Illinois on the House ways and means committee. Senators Dirksen and Lucas replied, and so did Congressman Mason. However, Thomas J. O'Brien, the other member, failed to reply to our request. A second letter was unanswered and a bulletin on the subject matter to all our locals, copy of which was sent to the congressman, failed in getting the desired result."

"I, therefore, maintain that this man is completely disinterested in serving his constituents and should, therefore, be considered an excellent candidate to earn this association's disapproval. I particularly urge the Chicago delegates to do everything possible to encourage the defeat at the polls of Mr. O'Brien. I think we are big enough to make ourselves felt, so let's go to it."

Alliance With Other Groups

The speaker also noted that there has been very close liaison with the other insurance associations in the state on the matter of legislative programs. One of these joint efforts, which includes Illinois Assn. of Insurance Agents, the mutual agents' association and Insurance Brokers Assn. of Ill. has been introduced to improve the agents' and brokers' qualification bill.

All groups involved have endorsed the bill completely.

Mr. Krueger also reported on the law and legislation committee meeting held earlier in the day at which it was decided to offer amendments to sections 230, 231 and 237 of the insurance code. One amendment would put additional teeth in the Illinois 20-40 group limits in what actually amounts to extraterritorial legislation. Another has to do with group dependency cover to stop its further expansion, while still another deals with coercion.

In the statute covering the latter the association wishes to add... "nor shall such life company require as a condition of or in connection with the granting of a loan, that the applicant or borrower either directly or indirectly acquire a policy of life insurance

When you know
you must provide...



Brotherhood Provider Life Insurance gives you:

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from any particular company, agent or person."

One of the points brought out at the law and legislation committee session by several of the agents is that some of the professors in Illinois' higher institutions of learning are telling their students on a personal basis that there is no need for them to buy life insurance while in school if they have no dependents or are unmarried. If either of the latter conditions do prevail, they are being advised to buy convertible term "to protect their insurability." Later, in some of the informal discussions following the committee meeting, more than one agent said he made a presentation to a university student only to have the whole thing knocked in the head when the student took the presentation to his professor who told him he didn't need any insurance.

Dvorak Addresses Luncheon

The Illinois Leaders Round Table luncheon during the annual meeting was addressed by Frank J. Dvorak, advanced underwriting adviser of Metropolitan, Chicago, who discussed "Sales Success Procedures." He con-

cluded the major portion of his talk to closing, and said the salesman first "courts" the prospect and then attempts to close.

One of the basic motivations in buying life insurance is thanatophobia, or fear of death, he continued. "We have to 'kill' the prospect. Don't be obnoxious, but he has to see himself dead. Also, the prospect must be caught on a forward swing. This means obviating the negative reasons causing the backward swing, such as no confidence in the agent or the company or the future of life insur-

ance, which can be expressed in various ways—insurance poor, relative in the business, etc. Another negative is 'no problem,' such as the wife works, not interested, different savings plan, etc., or no money, can't afford it, no hurry, see me later.

"All of these objections should be welcomed and turned into questions. Every time we answer objections, we give the man another reason to buy," he said. This creates a swing to the positive.

Details of the Decatur sales congress will be reported in a subsequent issue.

Fraternal Week Is Set

National Fraternal Congress is sponsoring Fraternal Week, June 12-18. These dates were chosen because they embrace June 14, Flag Day.

The original Flag Day exercises were held by Bernard J. Cigrand on June 14, 1885 in his small school house near Fredonia, Wis. The school has since been restored to its former appearance and condition by National Fraternal Flag Day Foundation, a non-profit corporation established by various Wisconsin fraternal societies.

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Editorial Comment

Forwarding Fees For Bird-Dogs

We're not, as the heading might imply, talking about the cost of having your Llewellyn setter transported to the next field trials, but about the practice that some life agents follow of paying lawyers and accountants for sending them life insurance prospects.

In some professions, the splitting of fees or the payment of what is known as a forwarding fee is widely accepted as ethical practice, just like the splitting of commissions between two agents. For example, a lawyer in general practice in whose office a case has been initiated and on which some preliminary or perhaps later work has been done calls in another lawyer, perhaps a specialist in a particular field, because he can serve the client better with respect to some aspect of his legal problems.

The same sort of thing may happen when an accountant calls in another accountant as a specialist to handle a client's special type of situation. The professional man who is thus called in may handle the entire case thereafter, collect the entire fee and pay a part of it to the initiating office for the time spent and the work done.

But what about the situation where professional lines are crossed—specifically, where a lawyer or accountant steers a client in need of life insurance to a certain agent? Is it proper for the agent to pay a forwarding fee and, if so, under what circumstances?

Incidentally, we are more concerned here with the general principles involved than with whether an agent may be doing something technically illegal by paying a commission to a person not licensed as a life agent or broker. Anybody smart enough to pass the bar examinations or become a CPA could easily pass any life agent examination. It is not a matter of technical compliance with licensing requirements that is mainly involved, though it appears that only in a minority of forwarding-fee cases is the lawyer or accountant licensed as an agent.

The practice of splitting commissions with lawyers and accountants

seems to be on the increase, especially in big cities, and quite a few agents are concerned about it, though they admit they have neither any accurate way of measuring how widespread the practice is nor any sure-fire ideas for curbing it.

The critics of what is going on feel that it is nothing less than buying business. They feel it could get out of hand as more and more agents give away more and more of their commissions to obtain business from lawyers and accountants who are willing to "play ball," but who, like some major league players, become increasingly aware of the money value of their services.

Those who are most concerned about what may lie ahead foresee large-scale trafficking in clients that could be made to look bad for all who are involved if sensation-minded federal or state investigatory bodies—or the newspapers and magazines—got to digging into it.

It is true, of course, that fee-splitting within the professions, such as law and medicine, has long been regarded as unimpeachable, even though there is a general reluctance to discuss it. But with intra-profession fee-splitting there is an element that is not present when the lawyer or accountant accepts money for recommending the services of someone outside his profession: Within his profession, the professional man is supposed to be able to judge the qualifications of the colleague to whom he is referring clients.

On the other hand, should the lawyer or accountant be considered equally well equipped to judge the qualifications of the life agent whom he recommends to a client? If the spotlight of publicity were turned on a lawyer who had made such a recommendation, mightn't he find it embarrassing to give a convincing explanation for his choice of this particular agent? Could he ascribe other reasons than the payment of a generous financial reward? Could he answer without embarrassment such questions as "What effort did you make to find

the best qualified agent to handle your client's insurance?"

At this point, we are not prepared to take a position on the dangers of the practice. As a general thing, we are dubious about practices that it would be embarrassing to disclose to a client. This is in line with the public relations maxim: "If you wouldn't telephone the city editor about it, don't do it." We wonder whether many lawyers or accountants would care to tell a client, "Joe Doakes, whom I'm recommending, is just the man to take care of your situation, and I hope you won't think I'm recommending him because of the share of commission that I'll get if you buy from him."

Possibly those life insurance men who are alarmed by this development are foreseeing consequences that may not arise. But it's a situation that seems worth noting and, if necessary, taking steps to control.—R.B.M.

who devote themselves to objective research for the promotion of stable economic growth and high levels of employment.

Paul A. Norton, vice-president of New York Life, has received the distinguished alumnus award of Nebraska State Teachers College in recognition of "outstanding accomplishments as a business executive." The presentation



was made when Mr. Norton delivered the commencement address to the 1960 graduating class. He was graduated magna cum laude from the school in 1935.

Mr. Norton, (right) received distinguished alumnus award from Glenn W. Hildreth, dean of Nebraska State Teachers College.

Frazar B. Wilde, chairman and president of Connecticut General, has been made a director of Lehman Corp., a closed-end investment company.

Alden S. Wood, editor of New England Life's monthly newspaper for home office employees, the Wheel, has been named man of the month for May by the Contact Club of the Greater Boston Chamber of Commerce for his work during the chamber's annual membership drive.

Deaths

C. R. CLEMENTS Sr., 84, former president and chairman of National Life & Accident, died at Nashville after a brief illness. He had been honorary chairman since retiring as chairman in 1953. He was one of the organizers, in 1900, of National Sickness & Accident Assn., nucleus of National L. & A.

He became secretary and treasurer in 1901 and during the early years wrote personally all new policies by hand, besides keeping all company records. He was made vice-president and comptroller in 1923, becoming president in 1938 and chairman five years later. His son, C. R. Jr., is vice-president of field management for the company.

MORGAN B. BRAINARD Jr., 54, senior vice-president, treasurer and a director of the Aetna Life group, died at Hartford hospital after a brief illness. His father, who died in 1957, was for many years president and later chairman of Aetna Life, and his great-grandfather, Eliphalet A. Bulkley, was its founder.

Mr. Brainard joined Aetna Life in 1927 and after experience in Aetna Casualty's bond department he was transferred to the investment department in 1930 and appointed assistant treasurer of Aetna Life in 1935. He was later given the same posts in Aetna Casualty and Standard Fire. He became vice-president in 1948 and

Personals

Allen C. Steere, vice-president Lincoln National Life, has been reappointed by Governor Handley to a four-year term on the board of Public Employees Retirement Fund of Indiana.

R. Hulbert Keddington, assistant secretary of Beneficial Life, has been elected president of the Salt Lake City chapter of National Office Management Assn.

Admiral Sidney W. Souers, board chairman General American Life, has been elected to the board of governors of Automobile Club of Missouri.

Frederic M. Peirce, president of General American Life, has been named division chairman of the 1960-61 campaign of United Fund of Greater St. Louis.

Ernest H. Speckman Jr., director of policyholders service of Kentucky Central L. & A., has been elected director of the alumni association of Centre College, Danville, Ky.

Franklin Briese, vice-president and treasurer of Minnesota Mutual, has been elected president of the Greater St. Paul Community Chest.

Clarence J. Myers, chairman and president of New York Life, has been elected a trustee of the Committee for Economic Development, a non-profit, non-political organization of some 200 business executives and educators,

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EDITORIAL OFFICE

17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Robert B. Mitchell, Executive Editor
William Macfarlane and Jud Higgins,
Assistant Editors

CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
John C. Burridge, Associate Editor
Richard G. Ebel, William Faltysek and
R. R. Cuscaden, Assistant Editors
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senior vice-president and treasurer in 1957. He was elected a director in 1956. For more than 10 years Mr. Brainard was treasurer of Life Insurance Medical Research Fund. He was formerly commissioner of the Hartford metropolitan district and served as president of the Hartford board of police commissioners. He also served as vice-president of the board of trustees of the Kent School and as a trustee of the Oxford School. He was a director of Hartford Steam Boiler Ins. Co. and Hartford Courant Co.

WILLIAM D. CALLAGHAN, 69, former general agent at Cleveland of Pacific Mutual Life, died there.

WILBURN L. PAGE, director of public relations of Great American Reserve, died. He had recently been elected vice-chairman of the Southern Round Table of Life Advertisers Assn.

and vice-president of Dallas Insurance Club. Before joining Great American Reserve in 1952, he had been with the Rominger Advertising Agency.

ALBERT L. HOBBS, former general agent of Washington National at Omaha, died there. In the business 43 years, he started with Great Western of Des Moines and continued with Washington National when it acquired the former company.

THOMAS N. FOWLER, 66, chairman of Sunset Life of Olympia, Wash., until retiring last March, died. He practiced law before joining the company in 1939. He was chairman for 10 years.

WILLIAM B. SNYDER, 46, manager for Continental Assurance at Philadelphia, died. He had also been with Penn Mutual Life there and at Wilmington as general agent.

96,450 shares at \$5.80; American Frontier Life, Memphis, 200,000 shares at \$8; American Penn Life, Philadelphia, 127,500 shares at \$28; Aviation Employees Corp., Washington, (partially an insurance situation) 2,500,000 shares at \$2; Constellation Life, Norfolk, 1,350,000 shares at \$3.50; Cosmopolitan Ins. Co., Chicago, 58,000 shares at \$5; Family Fund Life, Atlanta, 116,800 shares at \$9; Florida Home Ins. Co., Miami, 17,500, to be offered to stockholders in 1 to 5 basis, price to be supplied by amendment; Midwestern Indemnity, Cincinnati, 15,832 shares at \$17; National Old Line Life, Little Rock 128,329 shares of which 43,329 are to be offered for the account of NOLLIC and 80,000 for the account of present stockholders, price to be furnished by amendment; National Union Life, Montgomery, Ala., 50,000 shares at \$4; Southwest Indemnity & Life, Dallas, 238,590 shares, to be offered to present stockholders on a 1 to 2½ basis, price to come later.

Prospective offerings include Mohawk Ins. Co., New York, first public offering of 75,000 shares.

Surety Life of Salt Lake City is offering 100,000 shares of \$10 par value stock at \$170 per share. President Lewis Ellsworth notes that this is the first attempt to obtain paid-in capital and surplus in the company's 24-year history. J. A. Hogle is the underwriter on a best-efforts basis.

University National Dividend

Stockholders of University National Life of Norman, Okla., approved a stock dividend equal to 25% of the outstanding stock. Wayne Wallace, who was reelected president and chairman, also announced a fourth year dividend amounting to 25% of gross annual premiums to the company's Investment Master contract holders.

Midland Mutual Life School

Midland Mutual Life held a school for agents and cashiers May 23-26 at the home office. The school's "faculty" was composed of company officers and administrative personnel. Subjects covered included various phases of agency operations, life and A&S underwriting, policyholders' service and accounting.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago.

Good buying appeared last week in leading life insurance issues after a span of discouraging retreat. Company people, who measure their words, had been willing to vouchsafe that their own stocks represented solid values and had been oversold. There was some cautious, smart accumulation and professionals covered short positions, as tired holders continued to give up.

Aetna Life, Travelers and Connecticut General particularly began to edge higher. Then on Thursday Henry Beers, president of Aetna Life, albeit with actuarial restraint, said that his company is doing very well indeed. He went so far as to employ that magic word "growth" to characterize AEL (as the traders call his company). The buyers became more aggressive and Aetna closed the week at 80 bid, up about 4 points from Monday. Travelers advanced pari passu. Conn. General and Lincoln National went ahead, too, and the dealers commenced to stiffen up their bids and offerings on other life insurance stocks. It was too early to say that a sustained advance has been launched but the tone was decidedly brighter.

The fire-casualty list, too, finished the week on a firm note. **Continental Casualty** became scarce as it vaulted its previous all-time high mark of 72½ and it went out Friday at 76½ bid. **Home** soared to 58. **Mass. Bonding** and **Hanover**, on well-bottomed rumors of a prospective alliance, went ahead neck and neck. Tuesday morning Mass. Bonding was 43¼ bid and Hanover 44.

For the rest of the year the fire-casualty group may not be able to show the remarkable underwriting improvement in relation to 1959 that it did in the first quarter. In 1959 the first three months were staggering, but thereafter the experience improved consistently. In 1960 the first quarter results were abnormally favorable. Nevertheless the total situation is encouraging.

Investment income continues to mount, auguring well for dividend increases later in the year. If underwriting deficits are overcome this year, then investment income becomes the earnings. Assuming an 8% increase in I. I. the earnings from this source alone then would be for instance \$2.37 for Springfield, \$4 Fireman's Fund, \$8.85 Aetna Fire, \$7.15 Phoenix, \$4.40 Great American, \$4.85 Reliance and New Hampshire; \$8.80 New Amsterdam, \$3.60 Employers Group.

It is encouraging to note the determination of life insurance leaders to rederive the fundamental purposes of their service and the level premium high cash value contracts. What **Mutual Life** is doing in this direction is noteworthy. Other companies are commencing effectively to advertise the investment advantages of the life insurance vehicle.

Variable annuity talk, mutual funds with life insurance completion contracts, preoccupation with inflation hedges, stock with policy schemes, overreliance on group insurance and a complex of tax devices have been static influences. The mighty life insurance fraternity again composes a chorus singing the praises of ordinary life as the backbone of family and old age security, then the insurance companies will surely be entrusted with a more appropriate share of the savings dollar.

Shepard Broad's apparent inability to attain a commanding position in **Universal Ins. Co.** caused the stock of that company to drop. It had gotten up to \$46.50 when he asked for tenders at \$50 for 21,000 shares. The stock closed Friday at \$42 and was quoted Tuesday morning 40½-43½. Mr. Broad has withdrawn his tender for Universal stock. He did not receive the 21,000 shares he bid for.

Wellington Equity Fund, during the six months ended April 30, eliminated its entire investment of 3,000 shares of Ins. Co. of North America. Its insurance holdings now comprise 12,000 shares of Continental Casualty and 7,000 shares of Government Employees Life.

Dean Witter & Co. released a study on **Transamerica Corp.**, with the comment that it has "above average appeal as a long term capital growth vehicle." The underlying assets would be conservatively appraised at \$37 per TA share, Dean Witter thinks, and thus the stock has been selling at a 24% discount on such values.

Securities now in SEC registration include American Capital Life, D.C.,



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Commissioners Hold Annual Convention At San Francisco

(CONTINUED FROM PAGE 1)

ly has been accepted as such. Sponsors of the NAII bill evidence an optimism over its chances of success that would indicate they expect support from more than their own membership.

Not Much Life Action

In the life insurance area there was almost no action, but a model bill for credit life and credit A&S insurance was offered and put in the NAIC files for study later. The A&S people, while not required to exert themselves, had some meaty sessions on rentals at ter-

minals for air trip insurance concessions; Blue Cross-Blue Shield studies, the problem of over-insurance in the A&S field, and the federal employee health insurance act.

With Mr. Gerber not running, it is understood the candidates for chairman of the executive committee are Howell of New Jersey and Hayes of Louisiana. Beery of Colorado will succeed Hammel of Nevada as president, and Parker of Virginia will move up to vice-president. Premo of Connecticut is secretary-treasurer.

One feature of the San Francisco meeting was the scheduling of con-

ferences between commissioners and representatives of the Department of Defense and the Federal Trade Commission. These additional sessions took place at the start of the convention and on Wednesday afternoon, the second coming at a spot reserved in the past few years for "publication of reports." Thus the listed social activities were limited to a single event, the reception Sunday evening. But that was well attended. It was almost impossible to move, the room was so crowded.

Failing to secure cooperation from Airport Operators Council of Federal Aviation Agency in an effort to reduce rental charges paid at airport terminals by insurance companies, the NAIC subcommittee on that subject recommended at the San Francisco meeting that states take one or more of four courses of action "where necessary, according to what may seem appropriate in the circumstances."

Pearson Is Head

The subcommittee, headed by Pearson of West Virginia, offered a far above average quality report, giving background, documentation and a history of what has been done in attempts to solve the problem. Airport Operators Council, Washington, didn't answer the subcommittee's letter asking for a meeting, and Federal Aviation Agency took the position that since the contracts between the airports and the insurers were voluntary, no problem exists.

"This subcommittee regrets the silence on the part of Airport Operators Council and finds the . . . Federal Aviation Agency letter difficult of understanding so long as minimum flat or percentage guarantees are demanded by airports in bid offerings or otherwise," Mr. Pearson said in his report.

The subcommittee observed that,

"Without foreclosing the possibility of solution of this problem by voluntary action of airport operators and insurers," certain corrective measures are available:

1. Strict rate regulation of airport insurance.

2. Withdrawal of approval of airport insurance forms if the commissioner finds that the benefits are unreasonable in relation to the premium charged.

3. Hearing by domiciliary commissioner to determine the reasonable rent for a given location and to declare payment of rental in excess of such figure to be an unfair trade practice.

4. New York Section 213 approach by setting an expense limitation.

The subcommittee on insurance problems in connection with installment sales and loans, which for some time has been faithfully recording auto collision classification data and reporting on the progress of the refund program growing out of overcharges on this coverage some years ago, went through the motions again at San Francisco, but came to the conclusion that the point has been proven by now, and so further reports of the progress of the refund program will be eliminated. These reports were most to prove that NAIC was overseeing this program with zeal, but at the point even the Better Business Bureau has lost interest.

The "surveillance" of auto collision classification will be continued on once-a-year report basis. Thacher of New York is chairman of this subcommittee.

Will Give 'Further Consideration'

The credit life and credit A&H model bill subcommittee, Gerber of Illinois chairman, decided to give "further consideration" to proposed amendments to the model bill that were submitted by Albert Pike of Life Insurance Assn. in behalf of his organization and Health Insurance Assn., American Life Convention and Consumer Credit Insurance Assn. In October the subcommittee will hold a meeting and give the united industry proposals a review.

The amendments of ALC-LIA-HIA CCIA are of a clarifying and strengthening nature. The model bill is in effect in 22 states and the industry would like to have changes or a fully amended model bill ready for the January sessions of the state legislatures. There was some early hope that the subcommittee would find it possible to take action affirmatively on the amendments here rather than later.

A suggestion by Paul Boyer, representing Household Finance, that the 50% loss ratio benchmark be on an earned-incurred basis and be written into the bill was opposed by the industry. It is too early to enact a loss ratio into the statutes, F. Joseph O'Regan of HIA said. It is better handled by administrative ruling. Arthur Cade of Federal Life & Casualty agreed and added that he thought the idea was that 50% was to apply to companies individually, not to the business as a whole.

The status of relations between state insurance regulatory authorities and the federal government were reviewed at the joint meeting of the committee on preservation of state regulation and federal liaison.

Knowlton of New Hampshire analyzed the progress of the O'Mahoney subcommittee of the Senate, and described the contents of its report.

McConnell of California went over

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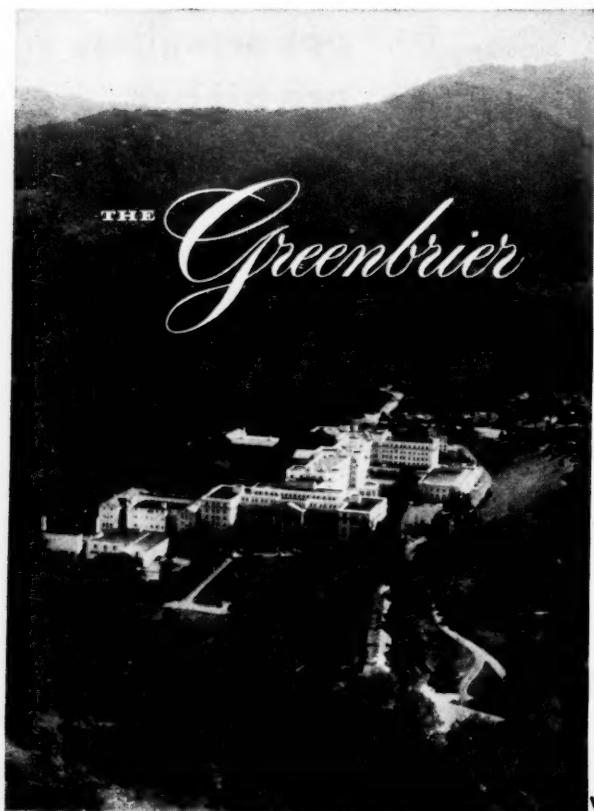
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ederal-state legal entanglements, chiefly the Travelers Health Case, now concluded. Relations of the states with the Federal Trade Commission are excellent, he said. In the last four years, FTC has had 450 complaints on insurance advertising, all of which were referred to the home states of the insurers involved. But 450 complaints in four years is a "trifle," Mr. McConnell said. This is actually a fine record for insurance advertising and the moral suasion of NAIC in working with FTC and the companies and arrangement on his subject.

Military Installations Solicitations
Progress is being made on the issue of insurance solicitation on military installations, Mr. McConnell declared. The "rascals" who have sold worthless almost worthless insurance at exorbitant rates have created much confusion and blackened the names of thousands of companies. The commissioner said there is hope that NAIC will be able to relieve the Secretary of Defense of this annoyance.

Farmers & Traders Life has been licensed in Tennessee.

Indianapolis GAs Shown Key To Fringe Benefits For Professional Man

Aside from possible passage of the Keogh bill or some modification thereof, there is nothing new in fringe benefits for the professional man, but the chances are that his tax plight will get better before it gets worse, Al Moses, assistant counsel Connecticut General, told members of the General Agents & Managers Assn. of Indianapolis at the May meeting.

The key to fringe benefits, Mr. Moses pointed out, is an employer-employee relationship. "Such a relationship can often be established if it is desired," he explained. "For instance, while it is customary to bring young professional men into a firm as partners, and while that status may afford some ego satisfaction, they could just as well be brought in as employees without affecting their income while making fringe benefits possible for them."

Under the laws of some states, he continued, it is even possible to effect an employer-employee relationship for senior professional personnel. In ad-

dition, there are possibilities in corporate practice where permitted by state law and the ethics of the particular profession, Mr. Moses pointed out. "The AMA, for instance, recognizes the corporate practice of medicine as ethical if the corporation is owned and controlled by physicians." The Kintner-association type of arrangement will also make fringe benefits possible, but whether or not such an association can be formed varies by states.

If an employer-employee relationship can be effected for professional personnel, there are at least six attractive benefits available, he explained:

1. Social Security package. "The package is more likely to get bigger than to get smaller."
2. Group insurance.
3. Business health insurance. "Despite the need for it, whether or not it is tax sheltered, it is surprising to find out how little of it is being written."
4. Qualified pension and profit-sharing plans. "Profit-sharing serves as an excellent tax pocket for the employer; he can make deposits when he has the money and skip years in

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which he has insufficient money or needs the money elsewhere."

5. Split dollar.
6. Deferred compensation agreements. "These should be fostered by the acquiescence of the Treasury in the Oates case."

Life insurance, Mr. Moses concluded, is usually the best method of funding these fringe benefits.



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